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Eastland et. all to James T. Lynn, 16 January 1976

James O. (James Oliver) Eastland (1904-1986)

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The Honorable
James T. Lynn, Director
Office of Management and Budget
Executive Office Building
Washington, D.C. 20503

Dear Mr. Director:

The First Supplemental Appropriations bill for fiscal 1976, H.R. 10647, which became law on December 18, 1975, (P.L. 94-157), provided for an increase of $500 million in the obligational authority of the Rural Housing Insurance Fund of the Farmers Home Administration.

The tremendous participation in the FmHA programs is indicative of both the need and the success of these programs. The annual agricultural appropriations bill for fiscal 1976 empowered FmHA to extend $2.7 billion in homeownership and rental assistance loans, but the volume of applications was so high that FmHA was forced to ration funds by setting monthly quotas. Even the rationing of loans proved inadequate to cope with the demand, and FmHA was forced, in effect, to call a halt to the Section 502 homeownership program for lack of funds.

Another indication of the success of the rural homeownership and rental assistance programs is the extremely low foreclosure rate. As of December 31, 1974, the most recent date for which figures are available, the foreclosure rate for the rental housing program (section 515) was 0.4 percent. The foreclosure rate in the rural homeownership program (section 502) was 0.8 percent. This figure compares favorably with the foreclosure rate in the HUD section 235 program of 15.3 percent (as of June 30, 1975).

We urge you to authorize the immediate release of the additional $500 million in obligational authority; any delay in making these funds available will increase uncertainty and confusion surrounding FmHA policy, making it difficult for rural
developers to project costs and efficiently develop units. The end result is not only hardship for the more than 9 million rural families living in substandard units, but inefficiency and increased costs.

In addition, we urge that the funds which were provided in the fiscal year 1976 Agriculture Appropriations bill (P.L. 94-122) for the hiring of additional FmHA personnel be used without delay to maximize the number of staff available to process loan applications. We believe it is inappropriate for OMB to limit new hiring at FmHA in view of the fact that severe understaffing has affected the agency's capacity to service its various programs.

Sincerely,

[Signatures]
Honorable James T. Lynn, Director
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Harrison A. Williams, Jr.
John C. Stennis
John V. Tunney
Jennings Randolph
Strom Thurmond
Walter D. Huddleston
John C. Culver

Frank Church
Stuart Symington
Joseph M. Montoya
Floyd K. Haskell
John A. Durkin
James Abourezk
Vance Hartke
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Jacob K. Javits
Daniel K. Inouye
Philip A. Hart
Hubert H. Humphrey
Henry Bellmon
Warren G. Magnuson
Thomas F. Eagleton
Gary Hart

Pete V. Domenici
Wendell H. Ford
James O. Eastland
George McGovern
Bob Packwood
Patrick J. Leahy
Hugh Scott
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Mark O. Hatfield

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